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Via ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: *Expanding the Economic and Innovation Opportunities of Spectrum
through Incentive Auctions, GN Docket No. 12-268***

Dear Ms. Dortch:

RSA 1 Limited Partnership d/b/a Chat Mobility and Iowa RSA No. 2 Limited Partnership d/b/a Chat Mobility (collectively “Chat Mobility”) by their attorneys, and pursuant to Section 1.1206 of the rules, 47 C.F.R. §1.1206, urge the Commission to license the 600 MHz band on the basis of Cellular Market Areas (“CMAs”). Licensing the 600 MHz band on the basis of CMAs will allow for broad participation in the incentive auction by wireless carriers and broadcasters. Increasing auction participation and competition in the auction will foster innovation and competition, maximize auction revenues, and promote the deployment of services – including the deployment of services to rural areas. This will serve the public interest and allow the Commission and the country to achieve significant public interest objectives, such as providing funding for FirstNet.

By contrast, auctioning the 600 MHz band on the basis of Economic Areas (“EAs”) or other large geographic areas will effectively eliminate participation by small and rural entities, confer a windfall on large wireless carriers, delay the deployment of services to rural areas, and likely reduce the amount of spectrum repurposed and revenue generated pursuant to the auction.

Chat Mobility provides mobile wireless services in two (2) CMAs in twelve (12) counties in southwest Iowa. Chat Mobility is deploying 4G mobile broadband service to rural and underserved areas in southwest Iowa. Chat Mobility desires to continue to innovate and deploy mobile broadband services in rural Iowa.

Were the Commission to auction the 600 MHz band on the basis of EAs, Chat Mobility would have to attempt to bid on two (2) EAs covering significant portions of four (4) states in

order to acquire 600 MHz band spectrum in the regional area that Chat Mobility serves.¹ Chat Mobility would have to bid on spectrum covering approximately 2.7 million POPs in Nebraska, Iowa, Illinois, and Missouri, and including the Omaha and Des Moines metropolitan areas. Such a proposition would simply be untenable. Licensing the 600 MHz band on the basis of EAs or larger areas would almost certainly prevent Chat Mobility and other similarly sized entities from participating in the incentive auction at all. Such a result will lessen competition both in the auction and the market and hobble the deployment of broadband services to rural areas.

Auctioning the 600 MHz band on an EA-basis would significantly diminish auction participation, bidding activity, and prices. This would afford a windfall to the few very large carriers that would be able to participate in the auction.

Auctioning the 600 MHz band on a CMA-basis, by contrast, will maximize revenues from the auction. As discussed by Competitive Carriers Association (“CCA”), Bluegrass Cellular, U.S. Cellular, and others, the results of past auctions demonstrate that auctioning spectrum on a CMA basis increases bidding activity and auction revenues.² For example, as CCA and Bluegrass reported, in Auction No. 73, the Lower 700 MHz B block sold for considerably more on a per MHz-pop basis than licenses offered on the basis of EAs or larger geographic areas: \$2.68/MHz-pop for B Block CMA licenses vs. \$1.16/MHz-pop for EA licenses and \$0.76/MHz-pop for Regional Economic Area Group licenses.³ Auctioning the 600 MHz band on the basis of smaller geographic areas also affords the greatest flexibility in the reclamation and repurposing of the spectrum, thus maximizing the amount of spectrum auctioned and raising overall auction revenues.⁴

¹ Chat Mobility would have to bid on the following EAs, based on 1995 EAs, which the Commission has used to license other services: BEA100 – Des Moines, IA-IL-MO, and BEA118 – Omaha NE-IA-MO.

² See *Ex Parte* Letter from Rebecca Murphy Thompson, General Counsel, Competitive Carriers Association to Marlene H. Dortch, Secretary, Federal Communications Commission, at p. 5, filed June 28, 2013 in WT Docket No. 12-69 *et al.* (“CCA Letter”), *citing* Testimony of Steven K. Berry, President and CEO, Competitive Carriers Association, “Competition at the Crossroads: Preventing Duopoly in Today’s Wireless Marketplace,” U.S. Senate Committee on Commerce, Science and Transportation, Subcommittee on Communications, Technology, and the Internet at 8-9 (June 4, 2013) (“Berry Testimony”) (“With smaller geographic areas, more carriers are able to bid for licenses, and the increased number of bidders leads to higher revenue.”); *Ex Parte* Letter from Leighton T. Brown, Counsel for U.S. Cellular to Marlene H. Dortch, Secretary, Federal Communications Commission, filed July 15, 2013 in GN Docket No. 12-268; *Ex Parte* Letter from Ron Smith, President Bluegrass Cellular, to Marlene H. Dortch, Secretary, Federal Communications Commission, at p. 2, filed July 10, 2013 in GN Docket No. 12-268 (“Bluegrass Letter”).

³ See Berry Testimony at p.9; Bluegrass Letter at p.5.

⁴ See *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Notice of Proposed Rulemaking, 27 FCC Rcd 12357 at ¶ 146 (2012) (expressing concern that licensing the spectrum on the basis of large geographic areas would constrain the

Auctioning the 600 MHz band on an EA or larger basis would delay the deployment of service to rural areas because the few large entities able to bid on such licenses have little or no incentive to serve the rural areas included within the large geographic license areas. Chat Mobility and other similarly situated rural carriers have a vested interest in providing high-quality, low cost services in their local communities, and have a proven track record of deploying services in these rural areas faster than larger, nationwide players. The Commission must ensure that small entities such as Chat Mobility have an opportunity to participate in the auction in order to promote the deployment of services throughout the country – including to rural areas.

In order for the incentive auction to succeed, the Commission must encourage the broadest possible participation and maximize auction revenue. To achieve this, the Commission must offer 600 MHz band licenses on the basis of CMAs.

Respectfully submitted,
Herman & Whiteaker, LLC

A handwritten signature in black ink, appearing to read 'G. Whiteaker', with a long horizontal flourish extending to the right.

Gregory W. Whiteaker
Counsel for Chat Mobility

cc (via email): Mr. Gary Epstein
 Ms. Ruth Milkman
 Mr. Jim Schlichting
 Mr. John Leibovitz
 Ms. Susan Singer
 Mr. Tom Peters
 Mr. Brett Tarnutzer
 Mr. Joel Taubenblatt

amount of spectrum offered and prevent spectrum from being put to its highest valued use). The costs of overcoming any potential implementation challenges in running an auction for a large number of licenses are far outweighed by the benefits of reclaiming as much broadcast spectrum as possible for repurposing and sale in the forward auction.